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PROJECT OUTLINE

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PROJECT OUTLINE

1. Identification

Mexico City, Mexico. Support for singleton contract agent operating into right-wing political milieu in Mexico for intelligence purposes with some covert action by-product.

2. Objectives

a. Objective The objective of this project is to provide support for a U.S. contract agent who has access to a wide variety of right-wing political elements and organizations in Mexico.

b. Conduct of Project The contract agent, LIHUFF/1, was born in Mexico and has had a long history of business experience in Latin America, as well as, over the past fifteen years, in Mexico. At the present time, he is Executive Director of U.S. Chamber of Commerce of Mexico City, which gives him a great deal of mobility in both American and Mexican business circles. Generally, it is from the Mexican business community that the financing and support for right-wing political movements, organizations, and institutions eminate. Given the general trend of recent Mexican regimes, as well as the present one, toward more governmental regulation and manipulation of the economic life of the country, the Mexican businessmen continue to support right-wing political movements or ostensibly non-profit civic, research, and other types of organizations used by them as front instrumentalities for expounding their philosophy and taking action in the politico-economic fields. LIHUFF/1 has natural access through his present position and past extensive experience in the business community here. Over the years, as a matter of fact, his numerous associations with these elements have earned him their trust and respect. In addition, for the past four years he has funded Lic. Agustin NAVARRO Vasquez (was LIHUFF/2) organization, consisting primarily of Instituto de Investigaciones Sociales y Economicos, A.C. (IISE), "Espejo" (a magazine on politico-economic affairs), and Movimiento Universitario de Renovadora Orientacion (MURO, a student organization). Also, he has handled LICHANT/1 who has a history of, and numerous associations in, the Mexican right-wing political arena. These and many other contacts of this type will provide the basis for his reports on this particular segment of the political spectrum in Mexico.

c. Targets Right-wing political elements and organizations in Mexico. This would include not only Lic. NAVARRO, IISE, "Espejo," and MURO, but Hugo SALINAS Price, Jorge SIEGRIST Clamont and numerous others of political significance on the Mexican scene. In connection with LICHANT/1's present

position, it should be possible to obtain information on the Ministry of Education and other aspects of the Mexican education system which, according to the last word received from Headquarters, is somewhat of a priority requirement.

d. RMD. This project is responsive to Priority A3d and f of the Related Mission Directive for Station Mexico City (approved October 1963). This priority reads in part: "obtain information on the stability of the Government ... through high-level penetrations and through surveillances and controlled assets of other powerful political groups such as the Frente Civico... and through continued development and influencing of high-level government contacts." As an ancillary measure, the project could contribute to MHSPAWN objectives of the RMD under certain circumstances where use of right-wing platforms and organizations is merited.

3. Background.

a. Developments Leading up to Project.

(1) Mexico, politically, is a country in which, increasingly, a centrist political concensus is developing based on the impact of education and economic development. On either side though of this growing central political spectrum are extreme left and extreme right wings which are quite active and quite vocal and which have an influence in the form of individuals, organizations, and movements greatly out of proportion to their numbers. Political disturbances and efforts to induce lack of stability eminate in the main from these two extreme wings. As the centrist force grows slowly, it is possible and probable that these two wings will intensify their efforts and become more and more radical. The Station has intelligence coverage of the extreme left-wing, but has neglected the equally important extreme right-wing when, in the final analysis, any threat to Mexican political stability by fomenting unrest and incidents does, and will continue to, eminate from the right-wing as well as the left-wing. Assumin g that, as indicated in the present RMD, the long range national policy objectives of the U.S. toward Mexico are to encourage a stable democratic government and political environment, then coverage of the right-wing is required if for no other reason than meeting normal Station responsibilities for political reporting. HBFINCH contacts in this area have been, and probably will continue to be, virtually nil. In fact, at present in this area HBFINCH contacts are non-existent.

(2) LIHUFF/1 was first picked up as a contact by Station Mexico City in 1950 after having been a contract agent for Station Panama City for some three years (while engaged in business in Panama). He has been in a continuing

relationship of one degree or another with this Station ever since then. This relationship developed from "contact" into formal contract status in November 1962. LIHUFF/1 has handled Station contacts and activities with LIHUFF/2 as well as LICHANT/1 from 1962 to date. In addition, he has done a good deal of reporting on right-wing activities from other sources and other contacts of his. Subsidy of the LIHUFF activity for MHSPAWN purposes will be terminated effective 30 June 1965. Use of LICHANT/1 will be continued in an intelligence reporting capacity and, in a limited way, for covert action efforts.

b. Prior Negotiations. There have been no prior negotiations with the Mexican Government, intelligence or security services, or ODYOKE elements on this project. LIHUFF/1 has been used in the past, prior to his contract with KUBARK, as a source by ODIBEX and ODMARK.

c. Relationship to Other Projects. This project has no relationship to any other Station project.

d. Utilization of Same Operational Assets. LIHUFF/1 has not been utilized on any other project, past or present, except to the extent he was involved with the LIHUFF activity indicated in subparagraph 3a(2) above.

4. Operational Assets.

a. Personnel.

(1) LIHUFF/1 (OA granted on 10 October 1962 with no number forwarded to field) -- Subject was born in Mexico, is fluent in Spanish, and is about 49 years old. Since World War II, he has been in private business in Latin America, first in Panama and then in Mexico from 1950 on. During World War II, he was in Army intelligence in China and, therefore, had an understanding of covert operations prior to his KUBARK experience. While in Panama, he was employed by the Station there for several years " to organize a net directed against a target of high priority interest". This association was terminated by reason of his move to Mexico for business reasons. Although he was in contact with this Station virtually from his time of arrival in Mexico, he was not picked up as a contract agent until November 1962. His cover for his past and proposed activities has been natural: that of a businessman with a conservative political outlook and interested in the economic and political posture of the

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Mexican Government. Contact with him is covered by a social relationship between his case officer and himself; this is easily maintained given the large American community in Mexico City. He has had no formal intelligence training other than that he received from the Army during World War II and on the job with KUBARK. Control of Subject is no problem inasmuch as he is an American citizen and has had considerable experience with KUBARK by now. His motivation is that of an attraction to this type of work, being a U.S. citizen in a foreign area, natural concern forhis business interests, and, probably, the compensatory return from KUBARK. He is witting of his KUBARK association and, aside from his World War II intelligence experience with ODIBEX, in 1961 he had an intelligence relationship with ODIBEX which has long since been terminated.

(2) <u>LICHANT/1.</u> (OA granted on 22 April 1963, but no number forwarded to field) -- Subject is a very conservative Mexican educator and intellectual about 49 years of age. He has alternated between working in various capacities for the Government of Mexico and in Mexican universities. At the present time, he is Private Secy. in Min.of Ed., a position which gives him unique access in the government to the general fields of education and politics as well as considerable contact with other influential people in right-wing circles. He was recruited by LIHUFF/1 in August 1962 on the pretext of doing research work and collecting information for LIHUFF/1's general use for business purposes. Subject has natural cover for obtaining information on right-wing activities from others due to his long association with right-wing activities as a student, educator, and government servant. Contact between Subject and LIHUFF/1 is maintained under the guise of private business relationship. Subject has had <u>no</u> intelligence training from KUBARK other than that imparted by LIHUFF/1 in discussing his reports. There has been no problems in control since essentially Subject understands that this is a business relationship with certain requirements involved for it to be sustained. Subject's motivation is that of an intellectually-convinced conservative who has common objectives and outlook with LIHUFF/1 on political and economic matters plus the financial aspect of the LIHUFF/1 relationship. Subject is not witting of KUBARK or ODYOKE interest in his activities and reporting. He has no known contacts with other intelligence or security services, past or present.

b. <u>Mechanisms.</u> There will be no mechanisms involved in this project although LIHUFF/1 will continue to have access to Lic. NAVARRO, and, in turn, to IISE, "Espejo," and MURO for intelligence purposes.

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5. Security Evaluation.

In the unlikely event of compromise, LIHUFF/1 could continue to claim that he was not doing anything that hundreds of other businessmen, U.S. and Mexican, aren't doing as commonly-accepted practice: trying to influence the politico-economic climate in Mexico for their own benefit. Whatever the extent of the compromise, there would be no repercussion insofar as other operations or activities *per se* were concerned except that there might be some tightening of the general operational climate for a while. If, somehow, LIHUFF/1's true role were disclosed, he could probably be backstopped with a minimum of publicity through high-level Station contacts with the Government (explaining the Station interest in right-wing circles as attempting to follow what they were up to in case they became a threat to the stability of the present government).

6. Coordination.

No coordination is desirable or required with other ODYOKE or PBPRIME elements, with the Mexican government, or with other governments and intelligence services. It is assumed that normal coordination with various elements within KUBARK Headquarters will take place.

7. Costs.

a. General. It is requested that this project be authorized in the amount of $9,000 per annum effective 1 July 1965.

b. Breakdown of Costs (per annum).

(1)	LIHUFF/1 salary	$3,600.00
(2)	Operational Expenses	3,000.00
(3)	Entertainment and Travel	2,400.00
	Total per annum	$9,000.00

No non-KUBARK funds will be involved in this activity.

c. Foreign Currency. It is anticipated that any forseeable foreign currency requirements will be within the Station's capacity to handle.

d. Commitments. No commitments have been made to LIHUFF/1 other than a salary of $300.00 per month with a thirty day's notice on termination.

e. Funding and Accountability. Since this project will only involve salary for the most part, no unusual requirements are deemed necessary for accountability. In the event that funds are passed for any type of special activity other than salary, normal standards of accountability will be used.

8. Annexes.

a. Administrative Plan or Fiscal Annex. Not applicable.

b. Communications. Not applicable.

c. Technical Support. Not applicable.

d. Logistics. Not applicable.

e. Intelligence. Not applicable.

9. Emergency Conditions.

If an official anti-USA atmosphere of sufficient intensity prevailed in Mexico, LIHUFF/1 very probably would not be able to maintain himself here, particularly if his employment continued in his present capacity. . This, however, is not seen as anything except a very remote contingency due to the Government of Mexico's dependence on the U.S. tourist trade. In a general war, it is probable that LIHUFF/1 would be able to continue in place without too much difficulty and would be willing to continue operating on current objectives or to undertake entirely new operations against new targets. Contact and communications should represent few problems in Mexico.